



COUNCIL CABINET
27 May 2021

ITEM 7

Report sponsor: Rachel North, Strategic
Director of Communities & Place
Report author: Michael Gillie, Housing
Regeneration Manager

One Public Estate Brownfield Land Release Fund

Purpose

- 1.1 To inform Cabinet about a grant funding opportunity to support one of the priority sites for housing-led regeneration in Derby, to seek authority to submit a bid, and to accept funding should the bid be successful.

Recommendation(s)

- 2.1 To authorise the Strategic Director of Communities & Place, in consultation with the Strategic Director of Corporate Resources, to submit a bid for £825,000 of funding from the One Public Estate Brownfield Land Release Fund.
- 2.2 To delegate approval to the Strategic Director of Corporate Resources and the Strategic Director of Communities & Place, to determine whether the conditions of any grant funding that may be offered are acceptable to the Council and, if so, to accept any offer of funding that may be made in connection with this bid

Reason(s)

- 3.1 To support the housing-led regeneration of a brownfield former industrial site, and to maximise investment in the city of Derby.
- 3.2 As above.
- 3.3 In order to comply with the Financial Procedure Rules within the Constitution.

Supporting information

The Brownfield Land Release Fund

- 4.1 The Council is a member of One Public Estate (OPE), a partnership delivered by the Local Government Association and the Office of Government Property. The aim of OPE is to take a strategic approach to asset management across the public sector, and make best use of publicly owned assets to deliver shared objectives. This includes releasing land for development to create new jobs and new homes.

- 4.2 As part of the National Home Building Fund, the Government has made available £75 million through the Brownfield Land Release Fund, to support the costs of bringing brownfield land into residential use. This funding is administered through OPE, and applications are currently invited. Applications must be submitted on the Council's behalf by our regional OPE partnership by 2 June 2021.
- 4.3 This funding round is not open to Mayoral Combined Authorities, which already had access to a dedicated earlier round. This means that non-combined authority areas, such as Derby, are in a stronger position to access funding in this round.

The former Aida Bliss site

- 4.4 The Council purchased the site of the former Aida Bliss factory on City Road in August 2018 with the intention of developing it for new council homes. Since that time, work has taken place to clear part of the site, install a new flood defence as part of the Our City Our River programme, and to secure the remaining buildings. Tetra Tech (formerly WYG) have been appointed to provide a multi-disciplinary consultancy team, to design and manage the development on behalf of the Council.
- 4.5 It has always been known that this would be a complex and costly development, with factors such as the historic façade to be retained, contaminated land, protected species on site, and a residual level of flood risk, in spite of the huge improvement created by the new defences. The site is in a Conservation Area and a World Heritage Site Buffer Zone, requiring sensitive design proposals of the highest quality.
- 4.6 Early design work is taking place, and we plan to share proposals with the local community over the coming months, with a view to submitting a planning application in autumn 2021. Initial cost appraisals have shown that the development can be funded within the parameters of the Housing Revenue Account, but that the cost per unit would be relatively high, owing to the high abnormal costs of clearing and remediating the site, conserving the historic façade, and elevating the new homes above the level of flood risk, which collectively come to over £4 million.
- 4.7 The Brownfield Land Release Fund offers an opportunity to fund some of the abnormal costs, and improve the value for money that can be secured for the Council.

Proposed funding bid

- 4.8 It is proposed to submit a bid for £825,000 toward the costs of removing asbestos, demolishing existing buildings, and remediating contaminated ground on the site. This strikes a balance between meeting the required criteria in terms of the Benefit Cost Ratio, demonstrating value for money, and making a significant contribution to the abnormal development costs. Assuming a scheme of 68 homes, this would represent a grant of around £12,000 per new home.
- 4.9 Accessing the fund does not create a commitment to proceed with the development. Should planning permission be granted, a further report would be presented to Cabinet with detailed designs and costings, for a decision on whether to proceed with the development itself. This is anticipated to be some time in 2022.

- 4.10 The funding is required to be used by March 2024, to secure that land is released for development by that time. For a directly delivered Council development, that means works starting on site. Should Cabinet decide to proceed, there should be no issues with meeting this timescale.
- 4.11 Should the Council decide not to develop the site itself for council homes, then one option may be to dispose of the site to a third party. The grant could still potentially be used in these circumstances, as the aim of the fund is to release land for residential development, not solely for council homes. This could be secured by use of a development agreement or conditional sale.
- 4.12 If no residential development can be commenced within the timeframe, then the grant can be returned to the funders without financial penalty to the Council.

Public/stakeholder engagement

- 5.1 Ward councillors and representatives of community organisations have been consulted and updated regularly on the project through a sub-group of the Darley Neighbourhood Board. Stakeholders have been informed about this funding opportunity, but not consulted specifically as there is no direct impact on the public or stakeholders on the decision to bid or to accept funding.
- 5.2 Wider engagement with the Little Chester community is planned as the designs for the scheme develop, including with ward councillors, community organisations and the Darley Neighbourhood Board. Stakeholders will then be consulted once again when a planning application is submitted.

Other options

- 6.1 All options for funding are regularly reviewed. This is a time-limited opportunity to access grant, which fits well with the objectives of the scheme. It will make a partial contribution to the abnormal costs of the scheme, and does not preclude the Council from using other funding sources, such as retained capital receipts from the Right to Buy scheme.

Financial and value for money issues

- 7.1 There are no direct financial implications to bidding for this funding. Accepting the funding would not create any financial commitments on the Council as, should a residential scheme not proceed, the grant could be returned without financial penalty. Final grant conditions will be made available for acceptance with any offer of funding, but the draft conditions seen at this stage do not include an interest penalty or any other conditions that would have a material impact on the Council.

Legal implications

- 8.1 The Council has powers to bid for and accept this funding, and the decision whether to do so for a sum over £250,000 is reserved to Cabinet by the Financial Procedure Rules.

Climate implications

- 9.1 There are indirect positive climate implications to this decision. This is a brownfield site in a highly sustainable location, with good access to walking and cycling routes. Sustainability and efficiency are central to the ongoing design of the scheme, and accessing this funding would improve the Council's ability to deliver highly efficient modern homes on the site.

Other significant implications

- 10.1 There are no other significant implications to this decision. A further report on the scheme itself will be presented to Cabinet at a later date.

This report has been approved by the following people:

Role	Name	Date of sign-off
Legal	Olu Idowu	19 May 2021
Finance	Amanda Fletcher	19 May 2021
Service Director(s)	David Fletcher	18 May 2021
Report sponsor	Rachel North	18 May 2021
Other(s)		

Background papers:	None
List of appendices:	None